



VAASAN AMMATTIKORKEAKOULU
UNIVERSITY OF APPLIED SCIENCES

Eeva-Maria Väänänen

BENEFITS OF SOCIAL MEDIA MARKETING FOR SMALL BUSINESSES

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TIIVISTELMÄ

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Ohjaaja	Rosemiany Nahan-Suomela

Tämä opinnäytetyö käsittelee sosiaalisen median käyttöä markkinoinnissa erityisesti pienissä yrityksissä. Sosiaalinen media luo uusia haasteita markkinoinnissa, mutta samalla avaa uusia mahdollisuuksia erityisesti pienten yritysten kasvuun. Tutkimuksessa pyritään selvittämään mitä eroa on sosiaalisen median markkinoinnilla ja perinteisellä markkinoinnilla, sekä tutkimaan miten yritykset käyttävät sosiaalista mediaa markkinoinnissa.

Opinnäytetyön teoriaosuudessa käsitellään markkinointia ja sosiaalisen median markkinointia. Aluksi selvitetään mitä on markkinointi ja mitkä ovat keskeisimmät markkinoinnin tehtävät. Sen jälkeen kerrotaan mitä on sosiaalinen media ja sosiaalisen median markkinointi. Lisäksi vertaillaan markkinoinnin ja sosiaalisen median markkinoinnin eroja ja kerrotaan mitä sosiaalisen median markkinoinnissa tulee ottaa huomioon.

Empiirinen tutkimus toteutettiin kvantitatiivisella tutkimusmenetelmällä. Tutkimus toteutettiin kyselylomakkeella joka lähetettiin Salolaisille pienyrityksille. Kohderyhmänä olivat erityisesti uudet kasvuyritykset. Tutkimuksessa pyrittiin selvittämään käyttävätkö pienet Salolaiset yrityksen sosiaalista mediaa markkinoinnissa, ja jos käyttivät niin mitä palvelimia ja millä tavoin he sitä käyttivät. Tutkimuksessa haluttiin myös saada selville ovatko yritykset kokeneet hyötyä sosiaalisen median markkinoinnista. Tulokset antoivat vastausta siihen kuinka paljon sosiaalisen median sisältöön käytetään resursseja ja kuinka yleistä sosiaalisen median käyttö todellisuudessa on. Tutkimuskyselyyn vastasi 28 yritystä. Tutkimuksen tuloksien mukaan suurin osa vastanneista yrityksistä käyttää sosiaalista mediaa markkinoinnissa, mutta yritysten aktiivisuus ja sisällön laatu vaihtelee suuresti yritysten välillä. Yleisesti yritykset pitivät kokemustaan sosiaalisen median markkinoinnista positiivisena. Aiheena sosiaalisen median markkinointia on tutkittu paljon viime vuosina. Koska sosiaalisen median palvelimet sekä välineet joilla sosiaalista mediaa pystytään käyttämään kehittyvät nopeassa tahdissa, aihe vaatii jatkuvasti ajankohtaista tutkimusta. Koska tämä opinnäytetyö on kirjoitettu yrityksen näkökulmasta, aiheesta voitaisiin tehdä jatkotutkimus esimerkiksi sosiaalisen median markkinoinnista asiakkaan näkökulmasta.

ABSTRACT

Author	Eeva-Maria Väänänen
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The studied topic of this thesis was the usage of social media marketing especially in small businesses. Social media marketing creates challenges in marketing, but it also opens new possibilities especially for the growth of small businesses. This research aimed to explain what the difference between marketing and social media marketing is. It also studied how companies are using social media as a marketing tool.

The theoretical framework discusses marketing and social media marketing. In the beginning of the theoretical study marketing is explained, as well as the fundamental marketing activities. Then second chapter explains what social media and social media marketing are. Also, a comparison between the two is made. At the end of the chapter, the issues that need to be taken into consideration in social media marketing are explained.

The empirical study was conducted by using the quantitative research method. The study was done by using a questionnaire, which was sent to small companies located in the town of Salo. The target group was young companies which were considered as small size businesses. The study tried to find out whether companies in Salo use social media in marketing, and if they are using it, how they are using it and which social media networks are used. Also, the study aimed to find out if these companies have benefitted from social media marketing. The results give a general picture of how common social media is in marketing and also how much resource is used. The respondent group was 28 companies. The findings indicate that majority of the companies are using social media in marketing. The activity level and type of content published in the social media varies a lot from a company to another, but in general the companies had positive experience from marketing in social media. The topic of social media marketing has been studied a lot in recent years, but due to changes in the devices in which social media can be used as well as the social media networks changing popularity, the topic needs updated research and studies. Since this thesis is written in the company perspective, further studies could be conducted in the customer perspective.

CONTENTS

TIIVISTELMÄ

ABSTRACT

1	INTRODUCTION	4
1.1	Background of the thesis.....	4
1.2	Structure of the thesis.....	5
1.3	Social media and social media marketing.....	5
1.4	Limitations	6
2	ESSENTIAL MARKETING ACTIVITIES	7
2.1	Customer satisfaction.....	8
2.2	Social responsibility.....	10
2.3	Strategic planning	11
3	SOCIAL MEDIA MARKETING.....	14
3.1	Brief history	14
3.2	Difference between Mass Marketing and Social Media Marketing	15
3.3	Categorizing of social media	16
3.4	Strategic planning and social media marketing	19
4	EMPIRICAL STUDY	21
4.1	Case Salo.....	21
4.2	Methodology	22
4.3	Implementation	22
4.4	Validity and reliability	23
5	EMPIRICAL STUDY AND ANALYSIS.....	24
5.1	Basic information of the companies	24
5.2	Usage of social media	28
5.3	Benefits of social media marketing.....	34
5.4	Open form question.....	38
6	CONCLUSIONS AND DISCUSSIONS.....	39
6.1	Possibilities of future study.....	40
	REFERENCES.....	41

LIST OF FIGURES AND TABLES

Figure 1. Total perceived quality	9
Figure 2. The pyramid of corporate social responsibility	10
Figure 3. Differentiation	13
Figure 4.. Social media zones	17
Figure 5. Social media zones and example networks	18
Figure 6. Form of business	25
Figure 7. Age of the company	26
Figure 8. Size of the company	27
Figure 9. Use of social media in marketing	28
Figure 10. The time social media has been used	29
Figure 11. How often social media is updated	30
Figure 12. What social media networks your company is using	31
Figure 13. The kind of content published in social media	32
Figure 14. Responsibility	33
Figure 15. Possible improvements in sales	34
Figure 16. Have you gained new customers outside target market	35
Figure 17. Satisfaction with in social media marketing	36
Figure 18. Estimated increase in social media usage	37

LIST OF APPENDICES**APPENDIX 1.** Survey questionnaire

1 INTRODUCTION

The rise of the Internet has given a great amount of possibilities for today's marketing. New and quickly changing types of social networks have created a new ways to reach and communicate with the potential customers, especially giving opportunity to reach niche market (Scott 2011). This thesis aims to provide information of how these social networks, so called social media, can be used in marketing. Also the study wants to answer to a question of *is social media used in small companies, and if it is, how and what social media is used*. The research is done especially taking into consideration of small sized businesses with less amount of resources available than bigger national companies.

The empirical study is focusing on small companies in Salo region. The focus area was chosen because of the interesting structural changes that are happening in the area. Salo region has lost its biggest employer and economical strength with the closing down of Nokia factory in Salo. With new arising small businesses, marketing is important factor to study since it can bring the differentiation which can lead to a success of these companies.

1.1 Background of the thesis

I did my professional practical training in a small Finnish company based in Hong Kong, China. I was responsible for their daily social media operations, which were the company's only marketing tool used. Without money investments, this company accessed market areas that would have been impossible to reach with traditional marketing channels. Their target group was girls around the ages of 12-20 years old, with an interest of Japanese culture. With accessing this target group by approaching them through social networks, the company got inside the core of the international Japanese culture fan community. By seeing how it worked, it gave me an inspiration to know more about social media and its possibilities in marketing.

In this Thesis, social media marketing and how it is different from traditional marketing is explained. Empirical part was conducted with taking into considera-

tion of small new companies which were born after the structural change in Salo began. The survey was divided into three parts, which were designed to tell the basic information of the companies, how social media was used in these companies and whether they found social media marketing beneficial or not.

1.2 Structure of the thesis

The first part of the thesis is theoretical framework, which will explain about what is marketing and what are basic marketing activities. The second chapter will discuss about social media marketing, how it is different from traditional marketing and how a company will know what kind of social media to use.

In the second part, which is empirical part, the background of this study is explained more in detail. Then how the study was implemented and how valid the study is will be explained, and the results of the study will be shown and analysed. Last chapter is the conclusion of this study.

1.3 Social media and social media marketing

Explaining social media can be hard since it is affecting many different kinds of devices and can be found in many different forms. One way to define social media is that “social media means internet pages and mobile applications that create social environment where people can meet, communicate, create and share content of their interests” (Tuten, Solomon 2014, 2). Some of these social media networks are extremely large; as an example Facebook had more than 1,35 billion active users monthly in September 2014 (taloussanomati.fi).

Because of the size and activity level of these social media networks, many believe that marketers need to be there also. The meaning of social media marketing is using of these social media networks to reach the wanted branding and marketing communication goals of a company (Ferrel, Hartline 2011, 554).

1.4 Limitations

In order to limit the study, the targeted respondent group was chosen. As chosen, the companies were small businesses, which had been created after or around 2009 structural change in Salo, and the companies were located in Salo.

The most affecting limitation of this study is the number of respondents in the empirical survey. Since only 28 companies answered the survey and they were all from city of Salo, the results cannot be generalized as the results for all businesses in Finland. The results though are giving a general idea of the usage level of social media with small businesses, which tend to have limited amount of resources.

Another limitation is that as targeted, the majority of respondents were small companies which had less than 10 employees. This affects that the results are only valid in smaller businesses. Also the factor that the companies were newly formed, with average being 2-5 years old, means that the results are not representing only small businesses, but represents small businesses which have been founded after 2009.

2 ESSENTIAL MARKETING ACTIVITIES

According to the American Marketing Association, marketing is “the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.” In other words, marketing is a process in which institutions deliver a message or communicate with potential and current customers, as well as society in general (American Marketing Association 2013).

Primary focus of marketing is customers and how the institution can reach and deliver wanted products for them. A product can be as an example goods, services, information or experience. To maximize the profitability of the product, marketing tries to match wanted products to customers who share an interest for this sort of product. Whether the interest exists or it is created, the result is the same: the customer decides to purchase one product over another. Marketing is differentiating and promoting of the product to make it seem more appealing for the customer.

The place where marketing is happening is a market. A market is a place which collects buyers and sellers together. In general, market is viewed as a group of consumers and sellers with similar interests for a certain type of product. Then again in marketing, market means mostly buyers. These fundamental meanings of a market have not changed in long time, but the view of where the market is has changed. Traditionally market has been limited by number of factors such as geographical location and language. Now with the rising of modern Internet, market can exist without physical location. These electronic marketplaces can be called marketspaces that are not limited by operating hours or physical space. For instance Facebook - flea markets and Ebay.com are types of marketspaces. In marketing, the product is marketed towards a targeted market. This group of people is chosen as an example based on age, geographical location and potential interest. The marketing channels are chosen based on the target group. (Ferrel, Hartline 2011, 8)

2.1 Customer satisfaction

One of the most crucial areas of business and marketing is how satisfied the customers are with the product. The satisfaction of the customer is dependent on the ability of the product; the customers are more likely to approach an institution which has more satisfaction abilities. These abilities are also called utilities. The way the value of the utility is felt, varies from a person to a person since it is the customer's personal experience and feeling for the product. There are five different kinds of utilities: form, time, place, possession and psychological utility. When a product has high value of form utility, it has something that makes the product different from the other similar products. The difference can be, for instance, having organic ingredients or unique functions and applications. If the product is available when the customer has a need for it, it is high in time utility. Then again, it is also important that when the customer needs the product, the place where the product is available, can be accessed easily and in a form the customer wants it. This means that, for example, the product has high place utility if the customer would like to purchase the product from a physical store, and the store is convenient to access by the client. Also, how the products ownership is passed from the seller to the buyer is important: The product is high in possession utility if it is seen as easily acquired. This means that if the seller provides a variety of payment methods or delivery services, the product is more likely to be seen as convenient to purchase. The last utility is the psychological utility. When a product is high in psychological utility, it gives the customer positive feeling from the experience they received. Music concerts, sport events and holidays are under this category. When the right product is marketed to the right people, the utility satisfaction is high. (Ferrel, Hartline 2011, 13-14).

According to theory of total perceived quality by Christian Grönroos (1990), customer satisfaction can be also seen as perceived value of the quality. The expected quality is a collection of functions such as the image of the company, other customers' experiences and the need of the consumer. Market communications, which are part of creating expectations, include direct communications between the customer and the company such as advertisements, web sites and sales promo-

tions. If external influences to expected quality occur, it is due the previous performance of the company. The experienced quality of the product or service is influenced by what customer received and how it was received. If the product or service is seen as satisfying by the customer, the overall image of the experience can be damaged, for instance, by other customers. In situations in which the queue is long or one customer is disturbed by others, the total experienced quality is lower. The total perceived quality is formed from experienced quality and expected quality, or more accurately “the gap between the expected and experienced quality”. (Grönroos 1990, 63-68)

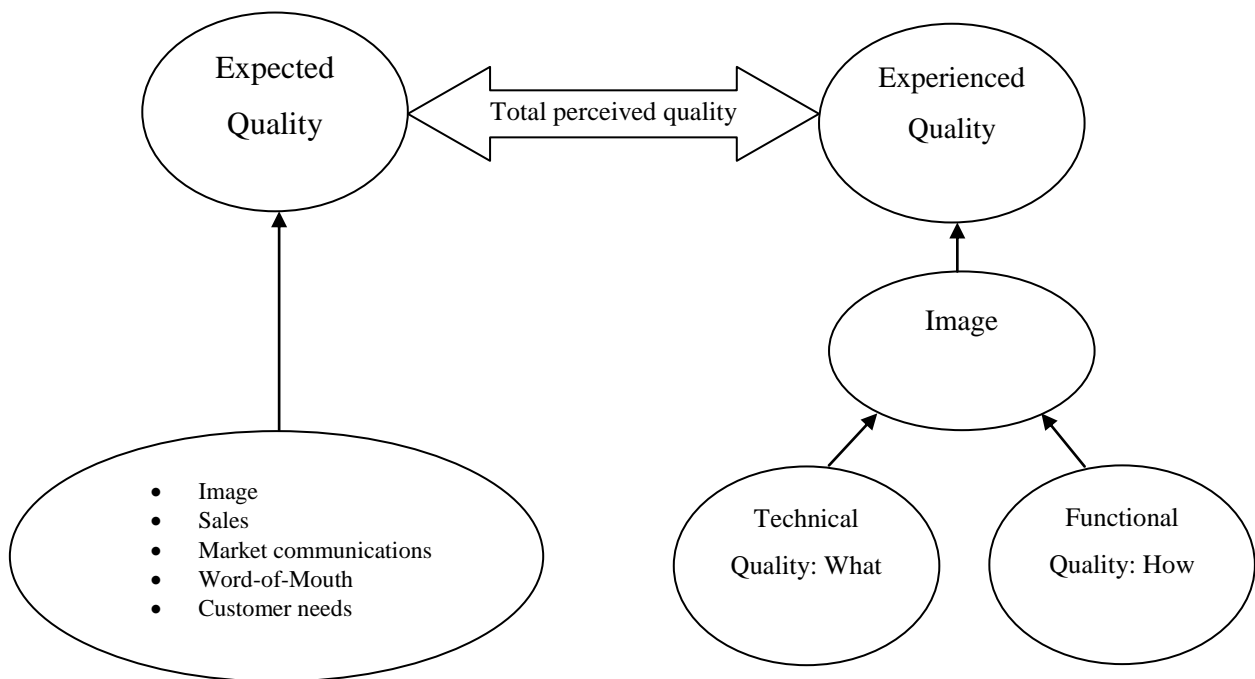


Figure 1 Total perceived quality (Service Management and Marketing customer management in service competition, C.Grönroos 1990, 67.)

2.2 Social responsibility

Marketing is a part of an organization's image, and if ethical conduct is ignored in strategic marketing planning, a possible negative incident can influence customer relationships as well as the public image of the whole company. The other way around, ethical and social responsibility can improve the profit and marketing performance with positive image and support. Economically organizations need to be ethical in order to maintain the trust of the customers, shareholders and employees, who will bring more income and investments. Marketers are not exception and, thus need to follow the laws and regulations set as well as the social responsibility framework of the organization. The ethics that bind marketing is called marketing ethics, which are standards that "define acceptable marketing conduct as determined by public, government regulators, private-interest groups, competitors, and the firm itself" (Ferrel, Hartline 2011). Marketing ethics include not only laws and regulations, but also decisions about what is right and wrong in marketing activities. These ethics aim to guide the people who are responsible for the decisions of marketing.

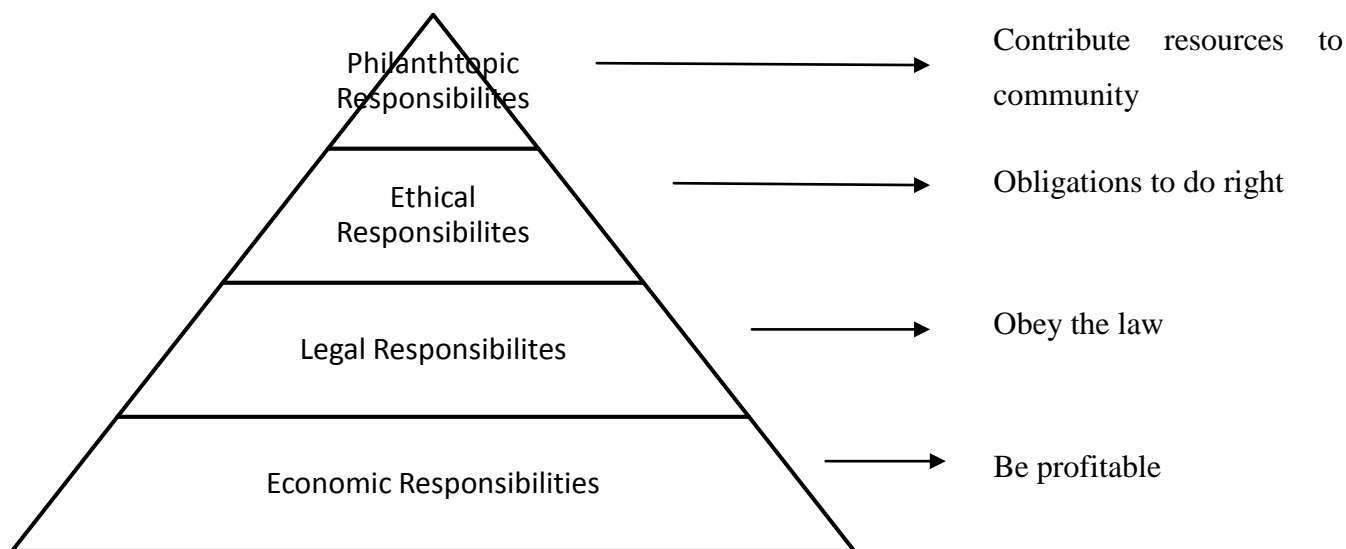


Figure 2 The pyramid of corporate social responsibility (Marketing Management Strategies, Ferrel, Hartline 2011, 63)

Ethical issues do not mean only illegal activities. Whenever customers or managers feel that they have been misled, ethical issue exists. False information and promise of too high quality or performance are one of the most common issues of ethical marketing issues. By including ethical conduct into the strategic marketing planning, it can increase the positive image and income of the company. (Ferrel, Hartline 2011, 60-83).

2.3 Strategic planning

Companies usually have a corporate strategy which includes the objectives and goals of the company, as well as a plan when and how to reach those goals. From the marketing perspective the marketing plan, which is a part of a corporation's overall strategy, is especially important. A marketing plan with the help of strategic marketing makes corporate objectives and goals more achievable.

In marketing, following the current situation of the environment where the organization is operating is necessary. One way to do so is situation analysis. In the analysis, current and possible future trends are listed, and analyzed how they af-

fect three environments of the business: internal, customer and external environments. By analysing the internal environment, a company can get an idea of how the current marketing performance, resources and organizational structure affect the marketing activities, and what kind of changes might happen in them. In the analyses of customer environment, the company gets knowledge about the customers: who actually are the customers, where and when they purchase the product and why they buy it. Also, the reason why someone is not buying the company product is analysed. The third environment is the external environment. In the external environment all the external issues that might affect the product, its sales and marketing are evaluated. These issues include all external factors such as the political situation, competition, legal changes and social behaviour changes. The situation of an environment is constantly changing, so companies should evaluate the situation constantly, or at least regularly, in order to avoid possible negative events due to changes in the environment. These changes affect marketing activities as well as the overall performance of the company (Ferrel, Hartline 2011, 95-110).

The needs of the customers can vary a lot from one customer to another. A market in which the customer needs are different from the others is called a heterogeneous market. Market segmentation means targeting customers into homogenous groups which have similar needs. This leads to a term market segment, which is a group of people or organizations with similar needs and interests for a particular product. In market segmentation the idea is to find out who belong in these groups in order to match wanted the product for the segments that have a need for such a product. The market segments can be, for example, a geographical location, age, gender or marital status. After the identification of the segments, the organization will choose which segments they will pursue.

In case there is another similar product or service available in the market, the organization will have to think about a way in which they can differentiate themselves from competitors and gain competitive advantage. Competitive advantage means having features which others might not have or achieving a better performance level. This is also part of the form utility if the product. The way organiza-

tion can gain competitive advantage is by either gaining cost leadership over others, differentiation or by focusing on performing better than others. As figure 3 shows, the failure to achieve any of the three competitive advantages can lead to being “stuck in the middle” without any notable advantages when compared to competitors (Dibb, Simkin 2012).

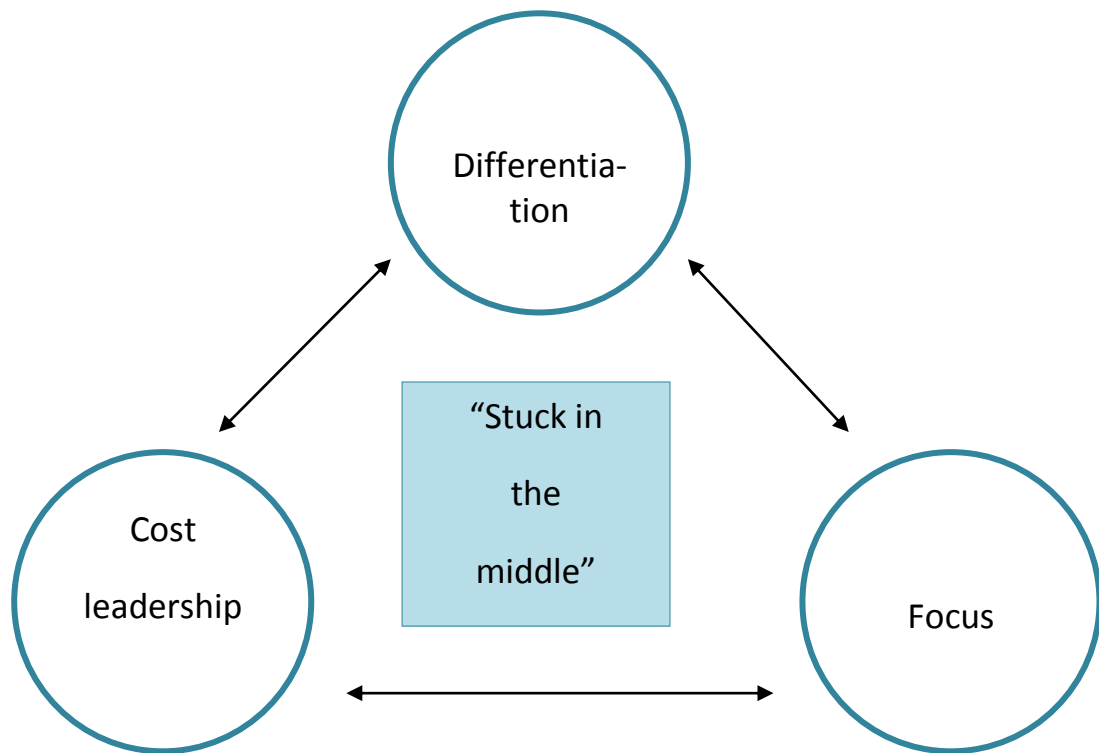


Figure 3 Differentiation (Marketing Essentials, Dibb, Simkin 2013, 61)

3 SOCIAL MEDIA MARKETING

Since the birth of the modern Internet in the 1990's, traditional marketing has had to rethink the way it can become part of the internet era and compete with growing amounts of images that people are seeing every day. Consumers are spending more time on the internet than ever before and social media networks have succeeded in reaching and gathering people from different parts of the world into a one place quickly and cost effectively. "It took radio 38 years to reach 50 million listeners. TV took 13 years to reach 50 million users. The Internet took four years to reach 50 million people. In under nine months, Facebook added 100 million users." (Tuten, Solomon 2014, 3) Reaching for the targeted consumers and standing out from the others has never been as difficult as it is now with people receiving constant flow of media whenever they are using the internet.

3.1 Brief history

Before social media found its current form, the predecessor of Social Media can be thought to be so called Bulletin Board System (BBS). BBS was popular in the 1980's and it allowed file sharing and instant messaging directly to other BBS users or to public bulletin boards. BBS used phone lines for connections, which caused international connections to be expensive due to international calling rates. For this reason, BBS was mostly used within small geographical areas. When the internet became more common and affordable to use in the late 1990's, the BBS was replaced by Internet based discussion boards, or so called forums. Forums represent the second phase in history of social media. In different forums, the users could discuss about topics of their choosing with either writing a message or a comment to the discussion board. Forums still exist, but now a lot of other types of social media sites have been created. Many of the current popular social media networks such as Facebook and YouTube were created before 2005. With technological advancements, social media has also developed. Portable internet, touch screens and camera phones have given opportunities to many different social media networks. (Juslén 2011)

Some people call the current Internet era as Web 2.0, which as a term was made popular by Tim O'Reilly in 2005 when he wrote an article about the topic. The current definition of Web 2.0 is that it “offers cost-effective solution that provides access to rich data; the collective wisdom of its users; access to micro markets; software that operates on multiple platforms (mobile phone, PDA, computer) and beyond (cloud computing); and user interfaces that are easy, accessible, and interactive.” (Tuten, Solomon 2014, 10) Now with technological advancements, social media can help marketers to reach niche markets which were once thought to be impossible to reach. Without a lot of resources, even small companies can have a small inventory of special types of products which they can market towards niche markets. (Tuten, Solomon 2014)

3.2 Difference between Mass Marketing and Social Media Marketing

The basic marketing strategies such as marketing mix, social responsibility and strategic planning also exist in social media marketing. What is different however is the communication between the consumers and the marketer. Traditionally marketing has focused on one way communication between the company and the consumer. Through mainly advertisements, companies have been trying to reach their targeted consumers through traditional media such as television, newspapers and the radio. With, for example, a newspaper advertisement, a company has been able to reach a large number of potential consumers within an expected geographical location. This type of marketing messages are seen as one way communication, since only the marketer is creating a message for the consumers. Now marketers need to take into consideration how the internet and social media can be used in marketing, especially noticing the importance of mutual communication. A common factor of all social media networks is that users create content in the social media network: these networks are used to store and publish content. Whereas mass media publishes messages in a certain timetable, for example in certain newspapers on certain days, social media content is available any time of the day. Also, users of social media need to find the content themselves. This is the reason why other users' activity in sharing content is in a significant role. Each user creates a small network in which they share and repost content which

they either created or found thanks to other users. When other users find that content, they can choose to share it on. This way content shared in social media networks can spread widely (Juslén, 2011). As an example of how social media can spread, a rather small convenience store in northern Finland succeeded in gathering over 100.000 followers on their Facebook page. This store, which is a small K-market, received a lot of attention due to its owners humorous social media updates. In November 2014 the store owner received an award in a Finnish award gala called “Some-awards”. The award was given out due to significant success in social media. This award has lead to media attention as well as growth in business (k-market.fi). The way social media users can succeed to become popular has lead to a term of “reputation economy”. Reputation economy means that users might not earn salary for sharing content, but they might earn reputation or respect from other users. This reputation can turn into income in cases such as ebay.com, where a buyer might choose a seller over another one based on the reputation points they have earned from other users. (Tuten, Solomon 2014, 204)

In traditional marketing, companies try to reach certain goals and visions by using marketing mix in their strategic planning and process of succeeding in the goals. This marketing mix includes product, price, promotion and place. The meaning of the 4P’s is that the company needs to sell the right type of product, at right price, with the most effective promotion tools and channels in a correct distribution channel. In social media marketing, a fifth element can be added, which is participation. Participation means that the customers will create customers by participating in the sharing of the marketing process (Tuten, Solomon 2014, 14).

3.3 Categorizing of social media

Categorizing social media networks is a difficult task because of the large amount of networks available. Also, the change in the social networks is fast: new ones come and old ones disappear in a fast phase. One way to organize these social media networks, according to Solomon and Tuten (2014), is to divide them into four zones: Social community, social publishing, social commerce and social en-

ertainment. Some of social media networks belong to many zones because of the variety of their services.

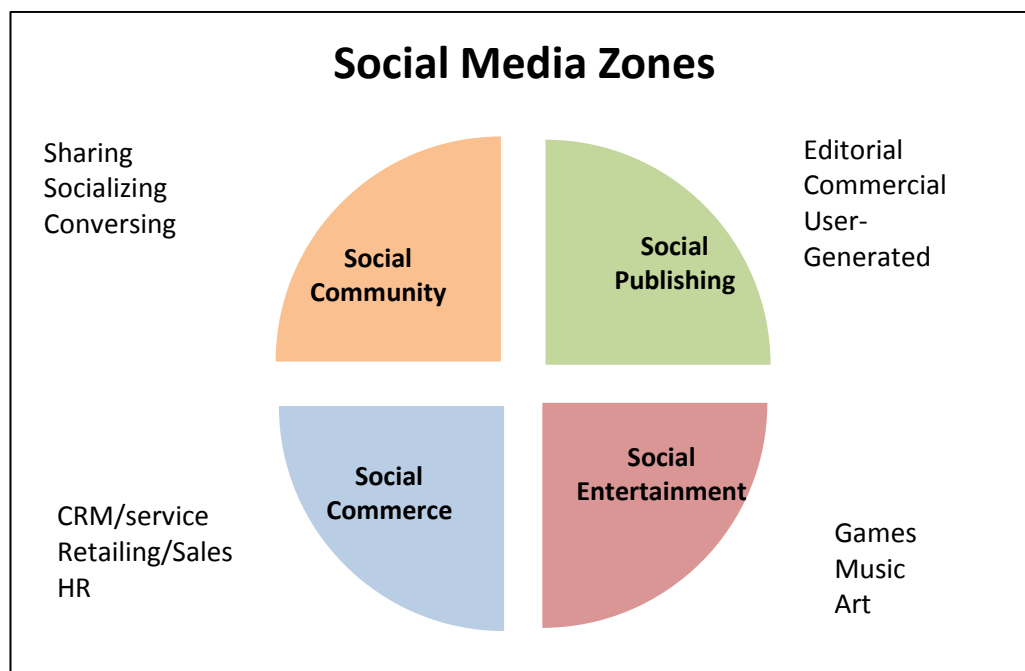


Figure 4 Social Media zones (Social Media Marketing Tuten, Solomon 2014, 4)

The first zone is *social community zone*. It includes social media networks which focus primarily on the relationships of its users. These networks include, for instance, social networking sites, message boards and forums. All of these networks emphasize communication and conversations. The social identity is stated with either a profile picture or an avatar and basic information about the user. For instance, LinkedIn and Twitter belong to the social community zone. The second zone is *social publishing* which includes networks that help to deliver content to other people. These networks can be for example blogs, news sites and YouTube. The third zone is called *social entertainment zone*. These networks are sites and applications which provide opportunities to play games and share entertainment with other users. For instance Second Life, DeviantArt and Habbo.fi are under this category. Last social media zone is *social commerce zone*. Networks which help in online buying or selling process belong to social commerce.

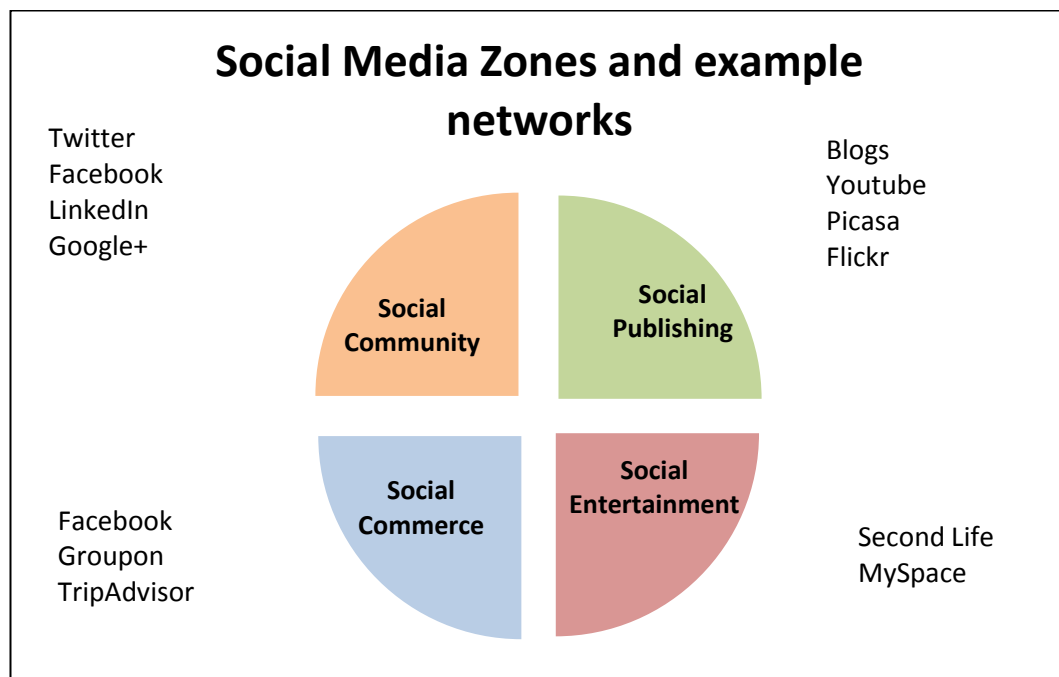


Figure 5 Social media zones and example networks (Social Media Marketing, Tuten, Solomon 2014, 7)

In marketing, the types of social media can also be divided into three categories: owned media, paid media and earned media attention. A marketer will benefit from each of these media types, but most social media attention is gained through earned media. Earned media means conversations in social media communities, number of followers, likes and shares as well as reviews and ratings of the product. This type of media does not cost the company anything, but it is also out of the control of the company: the social community will discuss not only the great achievements and products, but they will also share felt mistreatments and dissatisfactions in public. Owned media covers companies own controlled social media profiles, blogs and advertisement games. These network channels and their content are completely under the control of the company, and with published content in these owned media channels, the company can try to affect the earned media attention. The third media option is to pay for media attention. Paid media includes advertisements, sales promotions, search engine marketing and paid reviews. Paid media attention is a traditional form of business marketing, but it is also converted into the internet and social media marketing. Companies can pay

Internet search engines such as Google and Yahoo to place their company on the top of the search result list. Facebook includes paid advertisements into its news-feed, as well as allows companies to “buy likes” in order to help the company seem more popular in public. Also many of the internet based games and videos include advertisements. (Tuten, Solomon 2014, 17)

3.4 Strategic planning and social media marketing

Strategic planning in social media marketing is important as it is in traditional sense of marketing. Strategic planning as a process states objective and how the company can reach those wanted objectives. A marketing plan is a useful tool to use in strategic planning. It is a written plan which states the marketed products, price of those products, place the products are sold at and how they are promoted. One of the key reasons why marketing planning is useful is that with planning, companies and marketers can define the success of the marketing or the lack of success.

Social media can be used as a strategic activation tool which together with other marketing efforts support each other and create a seamless marketing process. Another way to use social media in marketing is to create a momentary stunt which might bring attention or interest within traditional media. When the way company uses social media marketing matures, social media marketing becomes consistent with the company marketing communication plan. Many organizations are not reaching this stage of maturity, since they are still just figuring out what they could do with social media. The maturity level of an organizations social media marketing can be categorized into three stages: trial phase, transition phase and strategic phase. The trial phase of social media marketing maturity is the first phase in which the company or an organization is adapting to social media. The organization might try different social media networks, but social media is not a part of the marketing plan. Many organizations cannot move on to next phase because of lack of risk taking and looking at the opportunities which social media marketing can provide. The second phase is the transition phase. In this phase the organization updates their social media channels more often and more regularly,

but the consistent marketing effort is still lacking. Most of the companies are currently in transition phase with their social media marketing. The last stage is called strategic phase, in which organizations use social media with a focused objective and strategy. In this phase social media marketing becomes part of essential marketing activities of the organization. (Tuten, Solomon 2014)

The strategic process of an organization's social media marketing plan processes is similar with the traditional marketing plan. A marketer needs to analyze the business environment as well as the strengths and weaknesses of the company and the product. Identifying the objectives and budgeting is also planned. What is different, however, is the platform in which the marketing is taking place, and thus, the target group can be also affected. The target market is defined in the marketing plan of the organization, but in social media marketing the concept of targeting aims to understand how and where the targeted consumers are active in social media. The marketer needs to understand not only who their target customers are, but what social media networks are they using and on which device. When the marketer understands these factors, the proper social media networks can be chosen. With the knowledge of customers and with help of the four social media zones, the marketer can choose the right social media networks. (Tuten, Solomon 2014)

4 EMPIRICAL STUDY

4.1 Case Salo

The area which this study focuses on is Salo area since the town of Salo is currently in an interesting financial and structural situation. Because of drastic structural changes at the economical situation in the area, many have had to become entrepreneurs in order to self-employ themselves. Since September 2009 when the city's main employer Nokia, or later Microsoft, closed down the majority of its business operations in Salo, a lot of surrounding industry also closed down. Nokia had a role of main industrial organization and a lot of businesses operating in Salo were Nokia's subcontractors. Salo was leaning its economical stability on the success of Nokia and the electronic industry. Within two years, around 2000 jobs were lost and the employment rate has been recovering rather slowly. Currently the unemployment rate in Salo is higher than an average in Finland as the structural change has influenced many different kinds of business operations and it has occurred in an economical crisis (Yrityssalo.fi). In some cases when an area in Finland has been facing similar sudden structural changes, early retirement has been the solution for the unemployed workers. In Salo area, this kind of a solution was not an option due to overall young age of the employees. (Helsingin Sanomat 11.08.2013)

In 2008, the town of Salo established a listed organization called Yrityssalo. Its aim is to work together with the town of Salo in order to gain economical stability and create new jobs and companies. The town of Salo decides on the future visions and does the decision making, where as Yrityssalo is responsible for implementing those decisions. Yrityssalo is partly funded by Southwest Finland ELY Centre. Yrityssalo is trying to support the existing companies and entrepreneurs, as well as give guidance to starting businesses. Their support has been vital for many start-up businesses (yrityssalo.fi).

4.2 Methodology

This study is conducted by using the quantitative research method. Quantitative research answers the questions of how much, how many or other types of questions which are measured in numerical values. This method in its most basic form is a number of questions asked from a randomly chosen group (Karjalainen 2004). The study conducted for this thesis is quantitative since it is conducted by a survey sent to 45 companies. The data received from the survey is evaluated by the number of participants and their answers. From the 45 companies who received the survey, 24 answered to study questionnaire. Additionally 4 respondents sent an email in which they stated not using social media as a marketing tool.

4.3 Implementation

The aim of this survey is to define how much social media marketing is used in small companies and if it is used, whether the companies have considered social media marketing as a rewarding experience or not. Also, the question of what social media channels and how much time has been used in updating those channels is part of the main focus.

The survey is targeted towards small businesses in Salo area, with trying to focus on new companies which have been operating for less than five years. The companies that have been established after 2009 have been supported by the Yritysalu, thus giving them advisory help with marketing planning and implementation, which made these types of businesses an interesting focus area.

In order to make the survey as easy and little time consuming as possible for the companies, the implementation of the survey is done through the internet. The survey is sent directly to companies through email. The companies, to whom the survey is sent, are chosen based on internet research of the companies in the Salo area. Some of the companies are found directly from social media networks such as Facebook. Because of the information in the survey concerned business operations of the companies, the survey is conducted anonymously.

The survey is created by using e-lomake form, which VAMK provides free access to the students. The survey includes 14 questions and one comment box for additional comments from the participants. The questions are divided into three categories: Basic information of the company, social media marketing and felt benefits of social media marketing.

The survey is tested before publishing by few volunteers. The survey is indented to be easy to understand as well as compiled in a form which companies would feel that it was not a burden for them to answer. The survey language is Finnish in order to be understood better by the responding companies, but the questions have been translated into English for this thesis.

4.4 Validity and reliability

In order to measure the accuracy of the study, the questions of how valid and reliable the study is, are asked. Validity means the ability of the research to answer questions which it was supposed to answer to. The research is high in validity if the research and the theory behind it are connected. The other way to measure the study is measuring its reliability. The research has high value of reliability when the study and research can be repeated with similar results and the research is done objectively. (Mäntynevä, Heinonen, Wrange 2008, 34)

The reliability of the study is high, since the survey, which is the method of how the results were gathered, was done anonymously. This allows the respondents to answer in more comfortable way and without trying to be careful of what they could answer. Also the thesis answers the research questions which it is supposed to answer about social media marketing, how the companies are using it and have they benefitted from using social media marketing. The limited research area, which is newly found small businesses in Salo, is limiting the reliability of the answers when talking about the generalization of the results into larger geographical area. The study is reliable for the purpose of this thesis, but in order to generalize the results, bigger respondent group would be necessary. Also, since the study is conducted through survey, it is valid for the purposes of this thesis.

5 EMPIRICAL STUDY AND ANALYSIS

The survey was open in online form for 10 days, from 19th of April until 29th of April 2015. From the 45 companies whom received the survey questionnaire, 24 answered. Additionally four respondents sent an email where they informed that their company does not use social media at all. These four respondents did not answer the survey, so the major part of analysis does not include them. The aim was to receive as many answers as possible, but a minimum of 20 respondents was set as a goal. For aiming that the email with which the companies were approached would receive enough interest, the survey was sent out on a Sunday evening. This way the email would appear higher in the email inbox of the companies, and not drown under weekend's worth of emails. Also, the tone of the email in which the survey was sent, was kept formal and informative enough to create interest.

Factors that might have affected the answer rate could be the survey email ending up in the trash-mail box of the company email or overall possible lack of interest in social media marketing. Also some of the companies might have felt that the survey which asked direct questions about the marketing of the company, could give out too much information to outsiders.

The results are stated in the same order as they are categorized in the survey form. The questions are translated from Finnish to English for this report, since the survey was conducted in Finnish.

5.1 Basic information of the companies

In the first three questions of the survey, the main focus was to find out basic information about the companies. The questions aim to define the business form of the company, as well as the size and age of the company. These factors could influence the other finding of the survey, since for example small businesses tend to own fewer resources than bigger companies. Also the assumption was that some types of businesses tend to use social media as a marketing tool more actively than others.

The first question was what the company's form of business was. Six options were given: Services, industry, retail, education or consultation, construction industry and other form of business. These options were chosen as general representation of the businesses operating in Salo. The form of business could influence how much social media marketing is used; the assumption is that businesses operating in retail or services would more likely use social media marketing than businesses in the industrial sector. The first finding is that half of the respondents are in the service business and none in the construction businesses. Four out of 24 are in the retail or the education business and two out of 24 chose the options other or general industry. This is shown in figure 6.

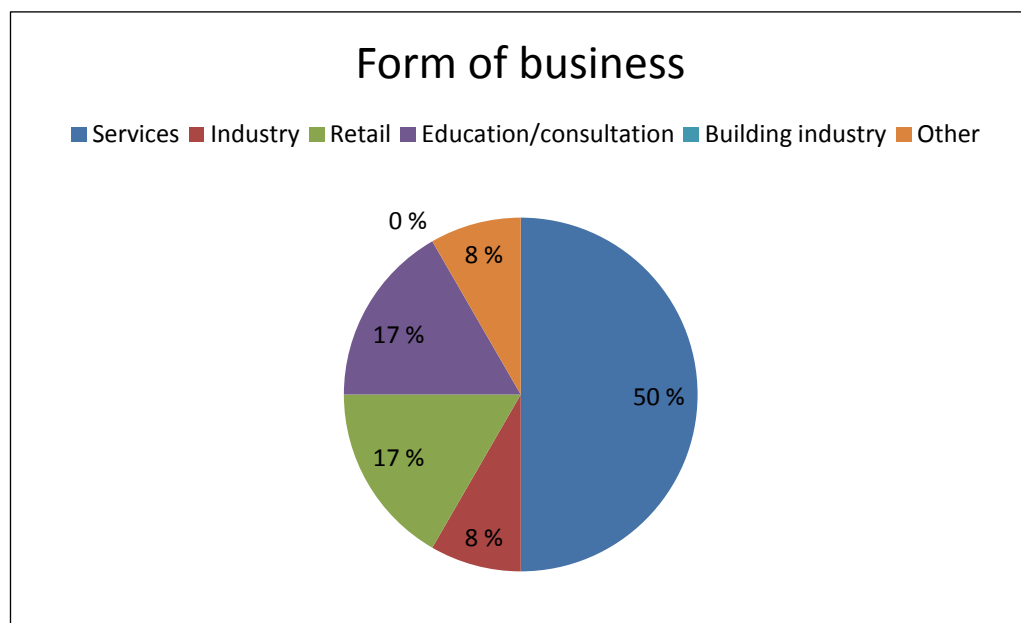


Figure 6 Form of business

As targeted, most of the respondents are new companies which have been operating for five years or less. 38% of the respondents, which is nine out of 24, had been operating two to three years. 33%, which meant eight respondents, have been operating for four to five years. Four respondents had been operating less than a year, and three had been operating over six years. This means that majority of the respondents have been created after 2009, when the structural change in Salo began.

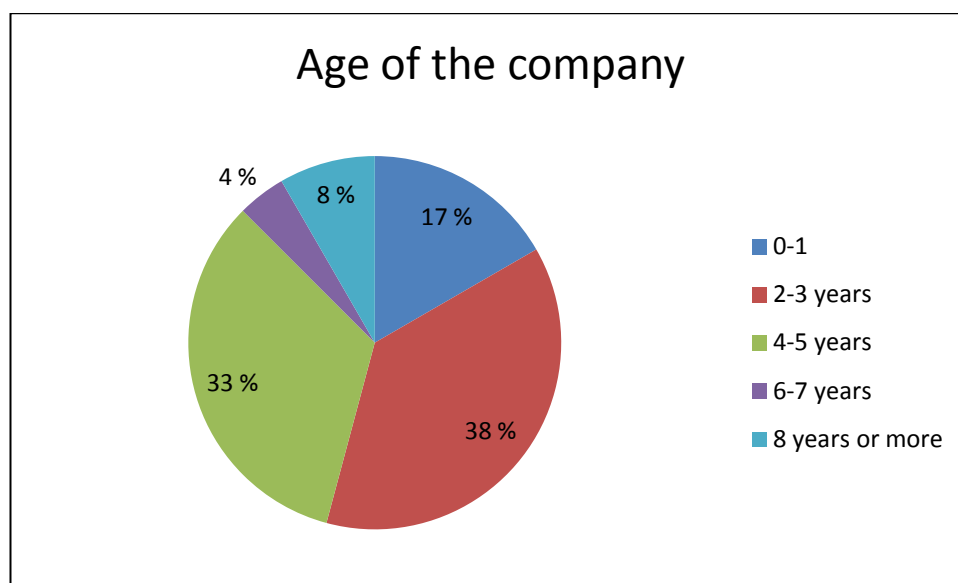


Figure 7 Age of the company

Also the size of the company is one of the target areas of this study. Since the study focus group is small businesses, the respondents are consistent with the focus aim. 23 out of 24 respondents represent a company which has one to five employees. Only one respondent has 11-15 employees. The answers are seen in a figure 8.

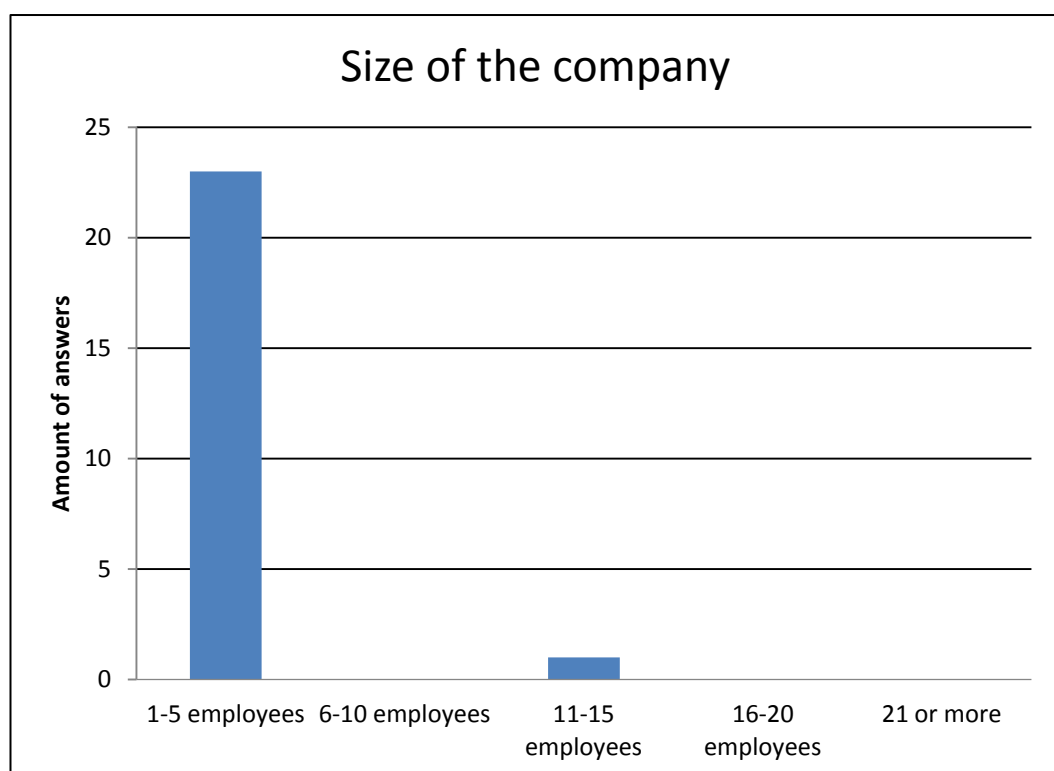


Figure 8 Size of the company ‘

5.2 Usage of social media

In the beginning of the survey's second part, *usage of social media*, there is a question of "Does your company use social media in marketing". This question is asked in order to find out whether the companies used social media or not. The respondents had an option to submit the survey after this question. As shown in figure 10, the results give a clear answer that the majority of these businesses use social media marketing. Only three respondents answered that they do not use social media marketing. Additionally four of the respondents sent an email where they explained that they do not use social media at all. Together this would make seven out of 28 companies which did not use social media marketing.

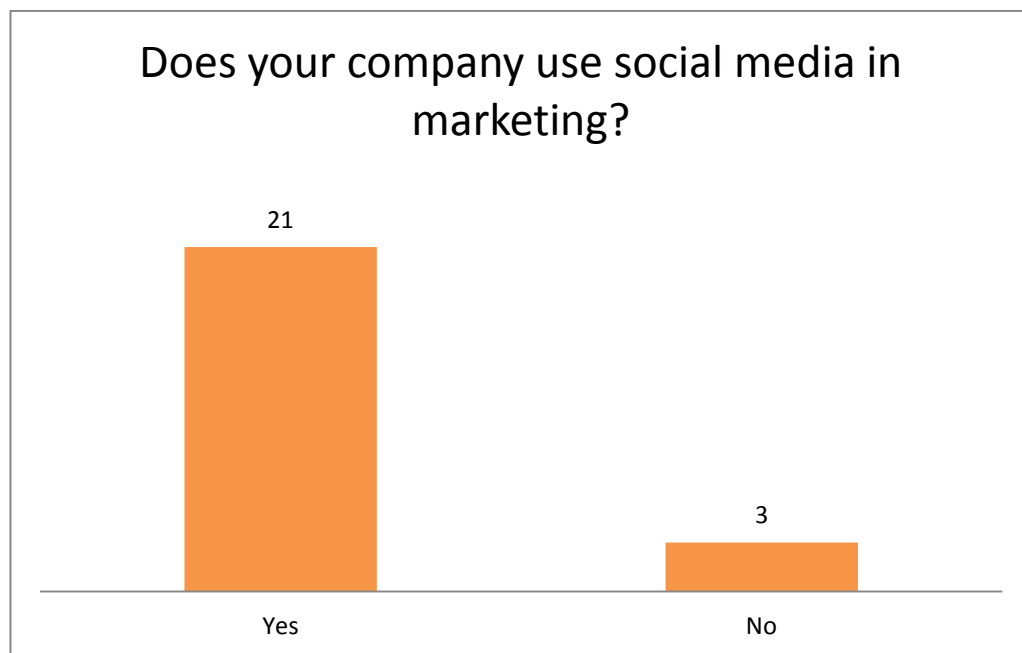


Figure 9 Use of social media in marketing

After the first question of the second part of the survey, the respondents who answered using social media marketing were asked the rest of the survey. The first question with the remaining 21 respondents was *how long has your company used social media in marketing?* Keeping in mind, 16 of these companies are two to five years old, yet 12 out of 21 respondents had been using social media in marketing only one to two years. Six respondents chose that they have been using social media marketing for over three years, and three respondents chose using social media marketing for less than a year.

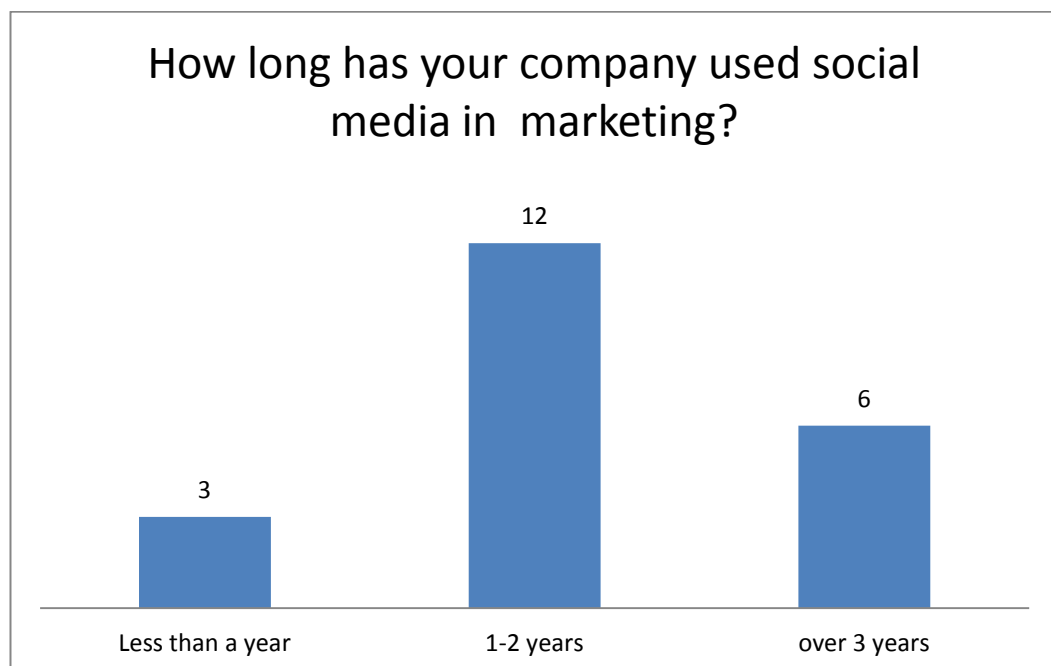


Figure 10 The time social media has been used

According to the theory from Tuten and Solomon, social media marketing is communication and participation. Active usage of social media is seen as the most effective way to use and take advantage of social media in marketing. Most of the companies seem to have a similar vision of the activity level, since 11 out of 21 companies answered that they update social media at least once a week. Five out of 21 respondents answered that they update monthly and three mentioned that they update even less frequently. Only two out of 21 respondents mentioned that they update their social media networks daily.

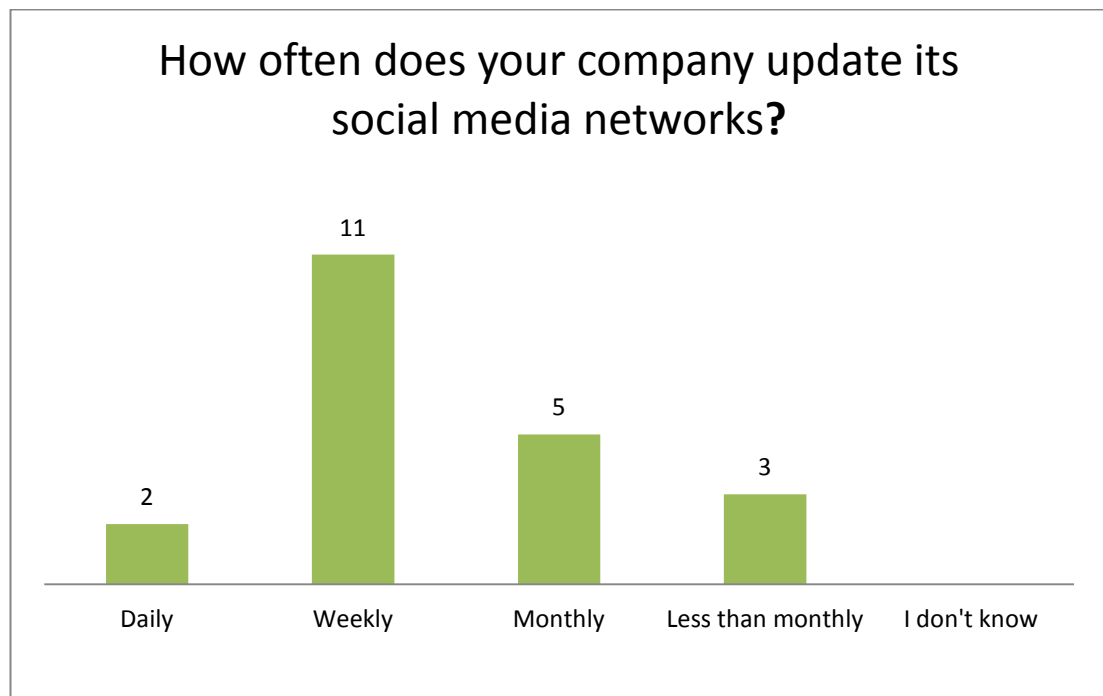


Figure 11 How often social media is updated

In the question *what social media networks is your company is using*, the respondents could choose one or multiple answers. Unsurprisingly the largest social media networking site Facebook has most popularity out of the other eight options. 20 out of 21 of the respondents mentioned using Facebook. Seven of these respondents who chose Facebook, did not use any other social media network at all. Five of the respondents mentioned using three or more social media channels. The second most popular social media network is LinkedIn with eight respondents. Five out of 21 chose Instagram or YouTube. Google+ and Twitter both was used by four respondents. No one was using Tumblr, but due the fact this network channel is rather unknown in Finland it did not come as a surprise. What could be mentioned about the results, it seems that the ones who are participating in social media in multiple networks, are using more than three networks at the same time.

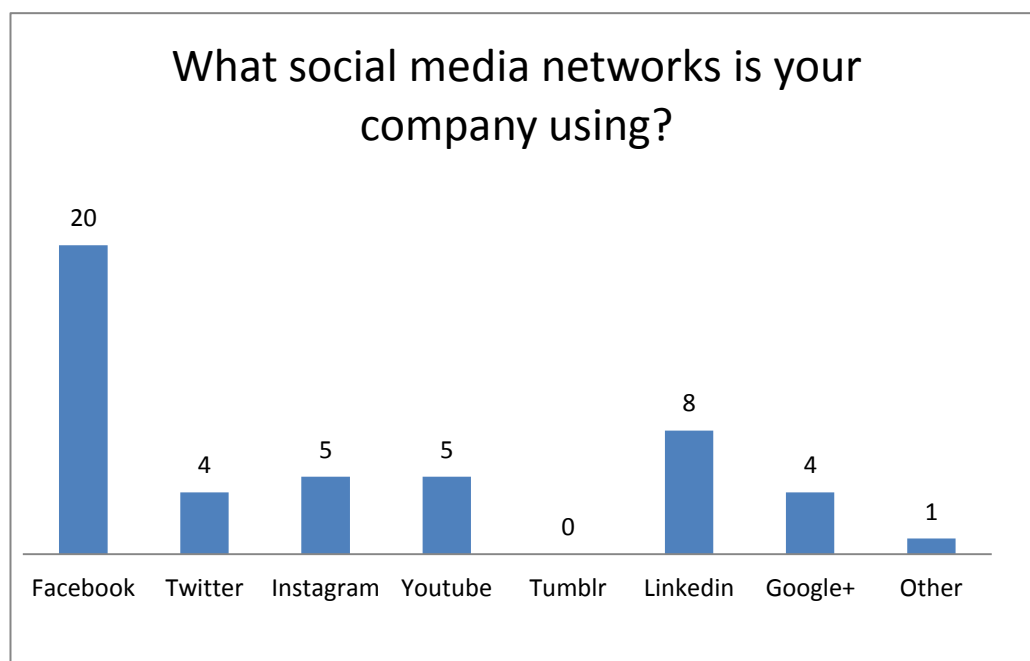


Figure 12 What social media networks is your company using

“What kind of content is your company publishing in its social media” aims to define the type of content that the companies publish. The options are:

- Publishes pictures and information about products/services
- Shares content created by others (videos, news etc.)
- Updates about what is happening in a company (events, exhibitions etc.)
- Publishes educational material (tutorials, samples of consultation material, how your products can be used)

These options were chosen as generalization of social media usage that companies might do. Publishing content about the company products and services is the most popular activity in social media by the respondents. 19 out of 21 respondents chose this option. Only ten mentioned sharing content made by others and ten updated about events and other events of the company. Three out of 21 chose education which also is consistent with the fact that four respondents are in education or consultation business.

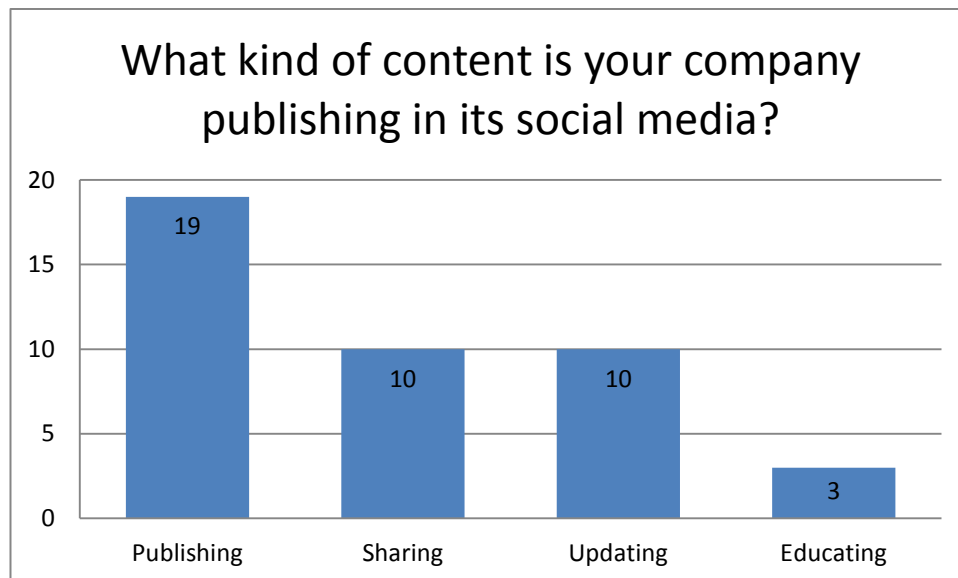


Figure 13 The kind of content published in social media

Since the respondents were from small companies with mainly 1-5 employees, it is not a surprise that 84% of the companies mention their supervisor owner as responsible for their social media updating. The companies were asked *who is responsible for the social media updating of the company*. The options given are:

- Outsider service provider
- Owner/Manager
- Employee responsible of marketing
- Someone else in addition to other work
- Someone else

Besides the owner, other people who are responsible for social media marketing in these companies are the employees of the company. Interestingly none of the companies use outsider marketing service provider. The result might be explained by the small size of the companies and, thus, small resources and employee number in the companies.

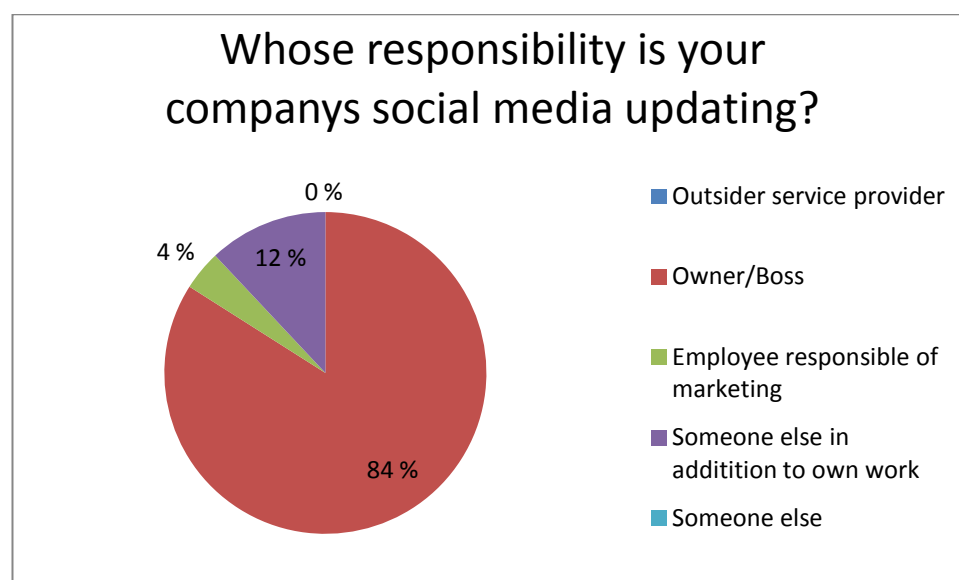


Figure 14 Responsibility

5.3 Benefits of social media marketing

The third part of the survey studie, the felt *benefits of social media marketing*. In order to find out whether the companies had gained financial benefit from social media marketing, the respondents were asked *do you feel like your company sales have improved thanks to social media*. The question aims only to give a general idea on whether the companies felt that they have benefitting financially from their social media marketing efforts or not. 13 out of 21 respondents are the opinion that they had gained financial improvement thanks to social media. Five think that they have not felt the effect in their sales and four chose that they did not know whether they had had sales growth thanks to social media.

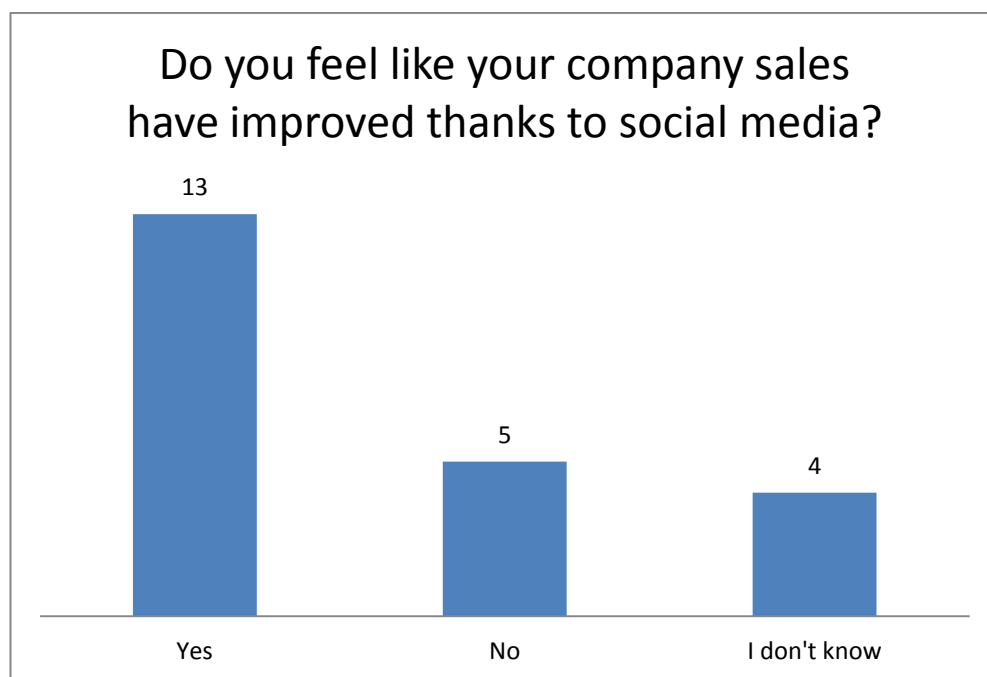


Figure 15 Possible improvements in sales

In order to further investigate the benefits of using social media marketing, a question of “*has your company gained customers outside of your target market thanks to social media*” was asked. When a company creates its marketing plan, they will choose a target market in which they will focus on. This target group is chosen based on number of factors such as product type and geographical location. This group of people is an assumption which a marketer or a company makes about who the most potential customers are. Since social media is not bound by time or physical place of traditional advertisements, it is possible to gain customers outside of the targeted market. In this survey, 13 out 21 companies feel that they have gained customers outside of their target markets. Eight respondents answered that they either have not gained new customers outside of their target market or they do not know. 12 respondents have gained domestic interest and four have gained international interest. From those who mentioned receiving international interest, three of them also chose that they had received both international as well as domestic interest. So in total nine respondents have gained only domestic interest, one has gained only international interest, four respondents have gained both international and domestic interest.

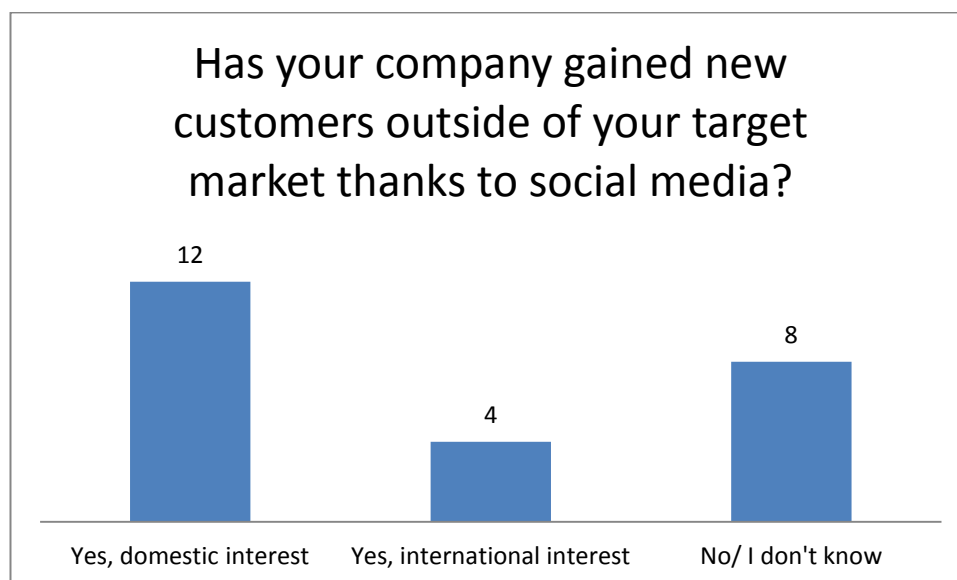


Figure 16 Gained new customers outside the target market

After asking about the received and felt benefits of social media marketing, the companies were asked *how satisfied they were with the social media marketing of their company*. 75% of the respondents feel that they are satisfied with their social media marketing. Additionally 15% are extremely satisfied with their social media marketing. Only 10% of the respondents feel either dissatisfied or extremely dissatisfied, which means that only two respondents are unsatisfied with their current social media marketing activities. The felt satisfaction level could be affected by the felt financial benefits of social media marketing, or it could also indicate that the companies could be disappointed by the effort they are putting into it.

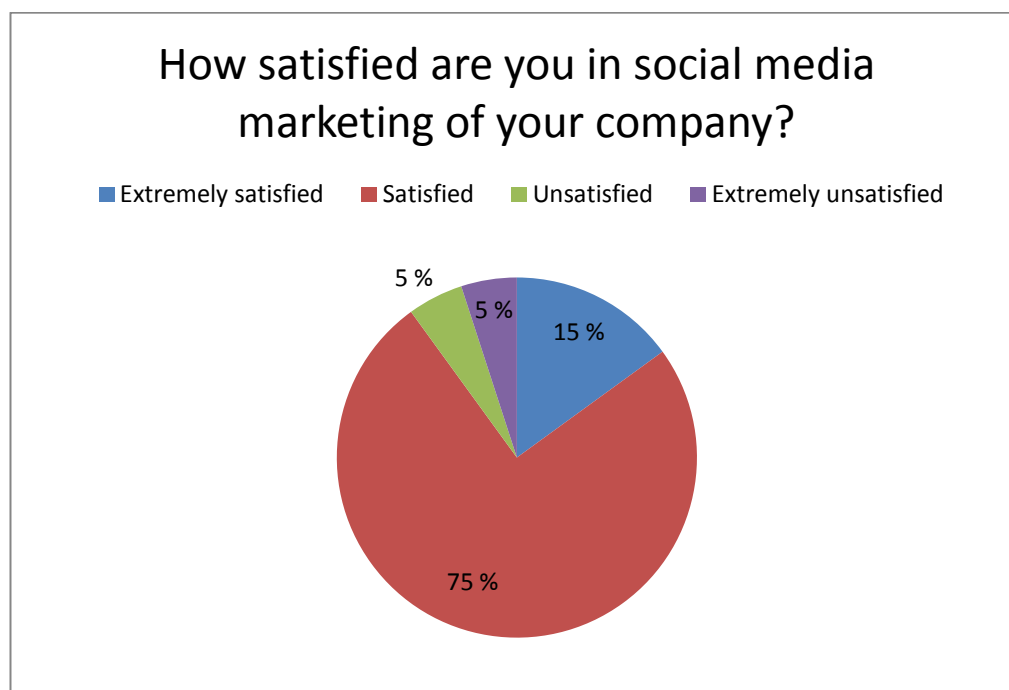


Figure 17 Satisfaction with in social media marketing

As for the final multiple choice question of the study, the companies were asked about the future usage of social media in their companies. The options which they could choose from are

- The company will increase social media in marketing
- The company will keep the same level of social media marketing
- The company will decrease social media marketing

Both increasing and keeping the same level of social media received the same number of answers. Ten out of 21 chose that they would increase their social media marketing efforts and ten other respondents chose that they will maintain the current level of social media marketing. Only one respondent chose to decrease their social media marketing efforts of the company. The result is consistent with the previous question which answered felt satisfaction, in which one respondent mentioned being extremely dissatisfied with their social media marketing.

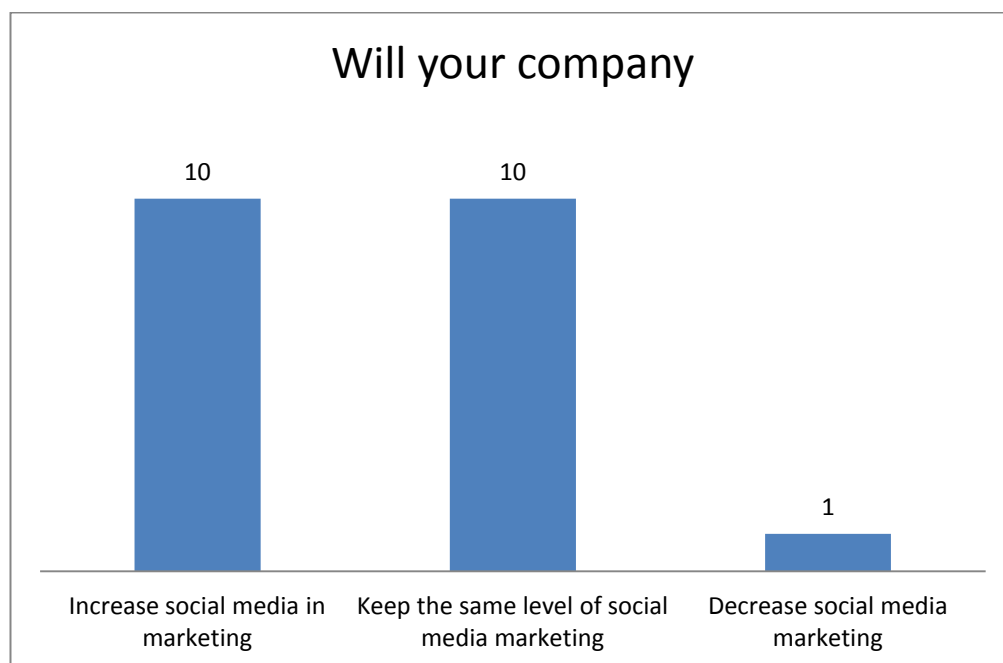


Figure 18 Estimated increase in social media usage

5.4 Open form question

The final question of the survey is an open question form, in which the respondents could write additional comments about the social media marketing. Only four respondents chose to give additional information, but since this was only encouraged not mandatory, this was not a surprise. The additional comments were:

- “My social media profile is only for guiding traffic to my website, not for sharing information”
- “Usage of social media is a vital business operation”
- “As a small business, you need be able to be versatile and offer both sales and services.”
- “We don’t use social media in marketing because we sell services to other companies. Maybe this needs to be thought about again in the future”

The comments give a general idea of what types of attitudes towards social media marketing the companies might have.

6 CONCLUSIONS AND DISCUSSIONS

Both empirical findings and theory about social media marketing indicate that social media as a marketing tool is necessary for today's companies. As mentioned in the introduction, the social media marketing is essential place for marketers to be since it is where the customers are.

According to the theory, social media marketing is a continuing process which needs to be planned and maintained actively. The majority of the companies who participated in the study survey, are part of social media and updated content at least weekly. The social media network which is the most popular is Facebook, which is the social media network that has the biggest numbers of users in the world. Many of the respondents have more than three social media accounts and the majority are satisfied with their social media marketing. Also the majority feels that their sales have improved thanks to social media, and many of them have gained either international or domestic interest. In the average company studied the responsibility of marketing is in the owners hands.

What the study shows also is that many of the companies do not know whether they have gained sales or new customers with the help of social media marketing. This raise a question of do the companies not feel that social media could be a marketing tool? Also, why do not they try to follow where their customers received information about them? According to Tuten and Solomon's theory about the phases of social media marketing, it seems that some of these companies are in the first phase of social media marketing, which is trial phase. In the trial phase, companies are trying social media platforms, but do not include social media into their marketing plan. This placement is also confirmed by one of the respondents when answering the last open form question: "My social media profile is only for guiding traffic to my website, not for sharing information". The study also shows that most of the companies are in the second phase in their usage of social media. This phase is called transition phase, in which the companies are updating their social media networks more regularly, but the consistency with other marketing tools and strategic planning is lacking.

In conclusion, the theory points out the importance of strategic planning of social media marketing. Also, the appropriate activity level and choosing the right social media networks and devices which the customers are using, is vital. The companies who were part of the empirical study agree on the importance of being in social media. What the findings indicate, however, that many of them are not including strategic planning and strong activity in their social media usage.

6.1 Possibilities of future study

The studied focus group of this study is small businesses in Salo, and because of the limitations caused by small study area, the results cannot be generalized to all business types in whole Finland. It could be interesting to study broader area and including bigger companies in the study. This would give answer how businesses use social media marketing in, for example, whole Finland. Also, the felt benefits of social media could be studied in more detail.

Another way to look into the subject could be focusing on the customer perspective on social media marketing, and how they feel about receiving advertisements and other marketing communications through the social media. Questions which could be asked can be for instance: “Have you bought products because of social media marketing?” and “Do you search information about the companies through social media?”

Even though social media and social media marketing as a subject has been studied a lot in recent years, the social media networks and the devices in which social media is used, keep on changing in fast phase and thus the topic is constantly in need for updated information and research. This provides many possibilities for further study and research.

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APPENDIX 1

Questionnaire:

1. Form of business

- Services
- Industry
- Retail
- Education/Consultation
- Building industry
- Other

2. Age of the company

- 0-1 years
- 2-3 years
- 4-5 years
- 6-7 years
- 8 years or more

3. Size of the company

- 1-5 employees
- 6-10 employees
- 11-15 employees
- 16-20 employees
- 21 or more

4. Does your company use social media in marketing

- Yes
- No

5. How long has your company used social media in marketing?

- Less than a year
- 1-2 years
- Over 3 years

6. How often does your company update its social media networks?

- Daily
- Weekly
- Monthly
- Less than monthly
- I don't know

7. If your company updates social media at least weekly, how many hours a week is spent in updating?

- Less than 5 hours
- Less than 10 hours
- More than 10 hours
- I don't know

8. What social media networks your company is using?

- Facebook
- Twitter
- Instagram
- Youtube
- Tumblr
- LinkedIn
- Google+
- Other option

9. What kind of content is your company publishing in social media?

- Publishes pictures and information about products/services

- Shares content created by others (videos, news etc.)
- Updates about what is happening in a company (events, exhibitions etc.)
- Publishes educational material (tutorials, samples of consultation material, how your products can be used)

10. Whose responsibility is your company social media updating?

- Outside service provider
- Owner/Boss
- Employee responsible of marketing
- Someone else in addition to their own work
- Someone else

11. Do you feel like your company sales have improved thanks to social media?

- Yes
- No
- I don't know

12. Has your company gained new customers outside of your target market thanks to social media?

- Yes, domestic interest
- Yes, international interest
- No/ I don't know

13. How satisfied are you in social media marketing of your company?

- Extremely satisfied
- Satisfied
- Disappointed
- Extremely disappointed

14. Will your company

- Increase usage of social media in marketing
- Maintain the same level of social media in marketing
- Decrease usage of social media in marketing